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25 January 1963

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CENTRAL INTELLIGENCE BULLETIN



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*South Korea: (General Pak Chong-hi has decided to remove Kim Chong-pil as chief organizer of the government party in order to resolve the power struggle, for control of the party, between the senior officers' faction of the junta and Kim's supporters.)

(A member of the ruling Supreme Council for National Reconstruction told Ambassador Berger on 24 January that Kim already had submitted his resignation from the party. Kim, long the junta's strong man [redacted]

[redacted] is scheduled to be sent abroad in the near future, and his henchmen will be removed from the party.)

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(Pak has decided to take an active political role, apparently in an effort to remove the party leadership post from factional contention. At the same time, he probably desires to have firm control over a political machine which could be used to maintain his power during and after the transition to a facade of representative government.)

(While Kim's removal would ease the present split in the regime, factional conflicts are likely to continue to threaten internal stability in South Korea.)

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Brazil: Goulart's new cabinet appointments suggest that he does not intend to introduce any marked changes in Brazil's "independent" foreign policy or in the general orientation of his government.

Although the cabinet contains some moderates, it displays a more pronounced leftist bias than did its predecessor.

Among the principal new appointees is Finance Minister San Thiago Dantas, a former foreign minister and the most influential proponent of "independence." Dantas, a fascist leader in the '30s and a close adviser of Goulart on ideological matters, is likely to be the dominant figure in the cabinet.

The Ministry of Labor, which Goulart has used for the past ten years to build his Labor Party, went to Almino Afonso, a leftist ultranationalist who has been vocal in denunciations of the presence of Americans in Brazil. Jose Ermirio de Moraes, who helped finance the Pernambuco gubernatorial campaign of pro-Communist Miguel Arraes, is the new minister of agriculture.

Hermes Lima, [redacted] who has been associated with Goulart for several years and who belonged to the generally pro-Communist Brazilian Socialist Party until 1959, has been retained as foreign minister. Goulart has also retained his armed forces ministers, including War Minister Amaury Kruel--Goulart's only prominent supporter who is markedly anti-Communist--and the leftist navy minister. Also retained is General Albino Silva, the anti-US chief of the presidential military household, who had been waging a mendacious campaign to discredit the US army attaché. [redacted]

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Argentina: (The financial crisis is deepening, and the government lacks the means to overcome it in the near future.)

(In an assessment of the economic situation, the US Embassy reports that available Argentine foreign exchange reserves amount to less than a hundred million dollars, or only enough to pay for one month's imports. The country's foreign debt payment obligations due in 1963, however, total more than one hundred million dollars. Foreign obligations that will fall due during the remainder of this decade are estimated at about three billion dollars.)

(The embassy concludes that Argentina faces a severe payments problem now and for some years to come, even though there may be a modest trade surplus this year, and the government may negotiate postponement of some payments due foreign nations.)

(The embassy notes that Argentina has given priority to meeting its foreign obligations at the expense of domestic ones in order to encourage foreign lenders to help it meet its present crisis. In addition, there has been a severe business recession, which has been accompanied by growing unemployment and a drop in the gross national product during the past year.)

Ghana. The Ghanaian Government appears likely to involve the United States in the upcoming trial of the alleged perpetrators of the attempt to assassinate Nkrumah last summer and of subsequent bomb incidents.

Ambassador Mahoney believes Nkrumah decided some time ago to blame "foreign imperialists" on the grounds that this was the only palatable explanation of the incidents. In September and early October, Ghana's controlled information media in effect accused each of the principal Western powers in turn of complicity in a "conspiracy" against the regime.

These press attacks have increasingly focused on the US. Earlier this month Nkrumah for the first time moved the attempt to implicate the US into official channels by declaring one US Embassy officer persona non grata and asking for the removal of another.

Nkrumah has now suspended these actions and has said that he would "do something" to improve relations with the US. However, Mahoney is not optimistic that Nkrumah, who leans heavily on leftist aides, can or will take the steps necessary to produce a lasting improvement, and expects the embassy officials' names to be brought into the trial.

Iran: (C) The likelihood of more serious disturbances in connection with the 26 January referendum on the Shah's reform program is increasing.

(C) Opponents and supporters of reform are confronting each other in and near Tehran. University students have been gathering, shouting "land reform yes--dictatorship of the Shah no!" Other groups opposing the Shah's program have been gathering at a mosque in the capital city's highly volatile bazaar area.

(C) In the shrine city of Qom, south of Tehran, several police were injured in a clash with demonstrators led by antireform clergy, who were later forced to flee by several thousand peasants.

(C) The government is reported to have arrested several National Front leaders and is taking other precautionary measures, including the moving of gendarmerie units into position to support Tehran police and the sending of a paratroop battalion through the city in a show of force. Despite these precautions, there is the possibility that the disturbances can get out of hand.

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Communist China--Hong Kong Peiping has recently lodged three diplomatic protests with the British Government concerning developments in Hong Kong, ending a period of about three years during which events in the colony have received little official notice by the Chinese.

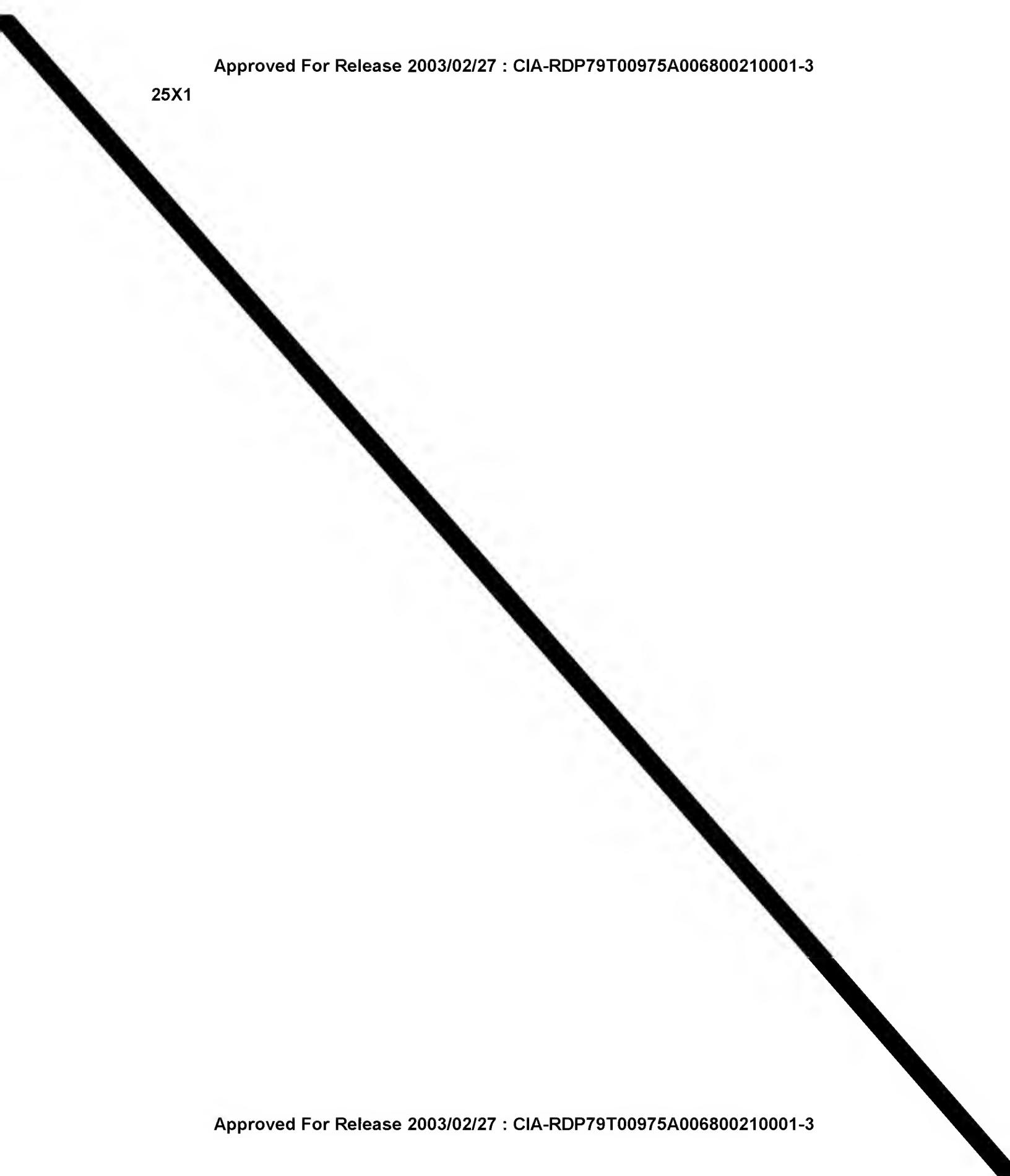
The British are concerned about the current spate of complaints, and foresee a period of difficult relations with Peiping. London has responded to the most recent Chinese note by postponing a slum-clearance project which would affect an enclave in the colony over which the Chinese Communists claim sovereignty.

Communist propaganda organs both inside the colony and on the mainland, however, are giving only moderate attention to Hong Kong issues.

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